GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2296
ANSWERED ON:29.07.2016
Bank Profit
Antony Shri Anto ;Hari Shri G.

Will the Minister of FINANCE be pleased to state:

(a) whether the cumulative loss of 20 public sector banks stands at Rs. 14,283 crore in fourth quarter, if so, the details thereof, bank-wise;

(b) whether the losses declared due to stressed/bad loans and written off by the banks during the previous year, if so, the details thereof; and

(c) the steps taken/being taken by the Government to deal with stressed assets in this regard?

Answer

The Minister of State in the Ministry of Finance

(a): The details are given at Annexure.

(b): The main reason for the losses to PSBs inter-alia include Asset Quality Review (AQR) exercise initiative by Reserve Bank of India (RBI) during FY16, due to which banks had to suddenly make provisions for accounts categorized as non-performing asset (NPA) under AQR exercise.

(c): The Government has taken specific measures to address issues in sectors such as Infrastructure (Power, Roads etc.), Steel and Textiles where incidence of NPAs is high. The government has also approved establishment of six (6) new Debt Recovery Tribunals (DRTs), to speed up the recovery of bad loans of the banking sector, in addition to existing thirty three. RBI has also undertaken steps which include (i) Formations of Joint Lenders' Forum (JLF) for revitalizing stressed assets in the system, (ii) Flexible Structuring for long term project loans to Infrastructure and Core Industries, and (iii) Strategic Debt Restructuring (SDR) scheme. (iv) Scheme for Sustainable Structuring of Stressed Assets. The Government has recently issued advisory to banks to take action against guarantors in event of default by borrower under relevant section of SARFAESI Act, Indian Contract Act & RDDB&FI Act, since in the event of default; the liability of the guarantor is co-extensive with the borrower.
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